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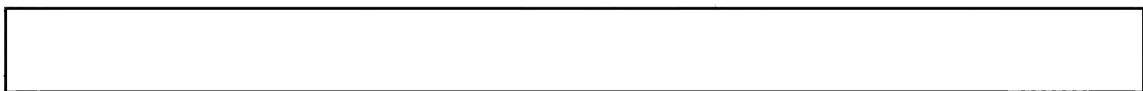
2 February 1960

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# CENTRAL INTELLIGENCE BULLETIN



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State Dept. review completed

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2 FEBRUARY 1960

## I. THE COMMUNIST BLOC

USSR--Kosygin implies political considerations governed award of textile machinery contract to US firm.

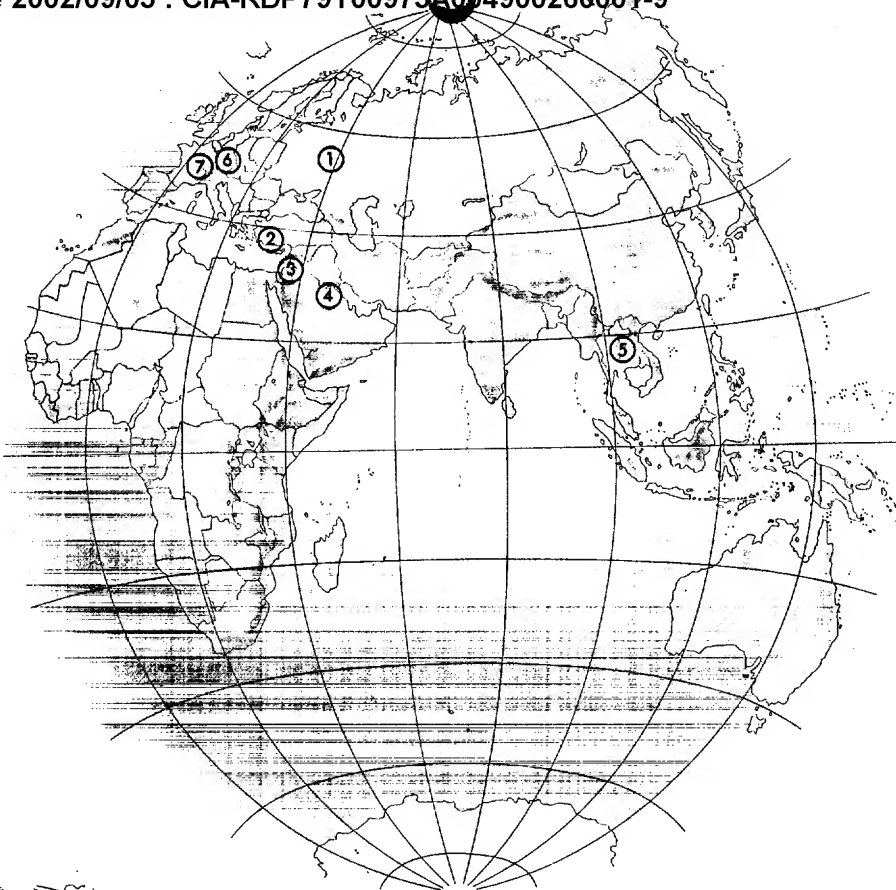
## II. ASIA-AFRICA

Turkish cabinet considering Soviet proposal for Khrushchev-Menderes meeting; foreign minister promises to keep NATO informed.

UAR-Israel--Recurrent clashes between Israel and Syria probable despite 1 February UNTSO-sponsored cease-fire in demilitarized zone between Israel and Syria.

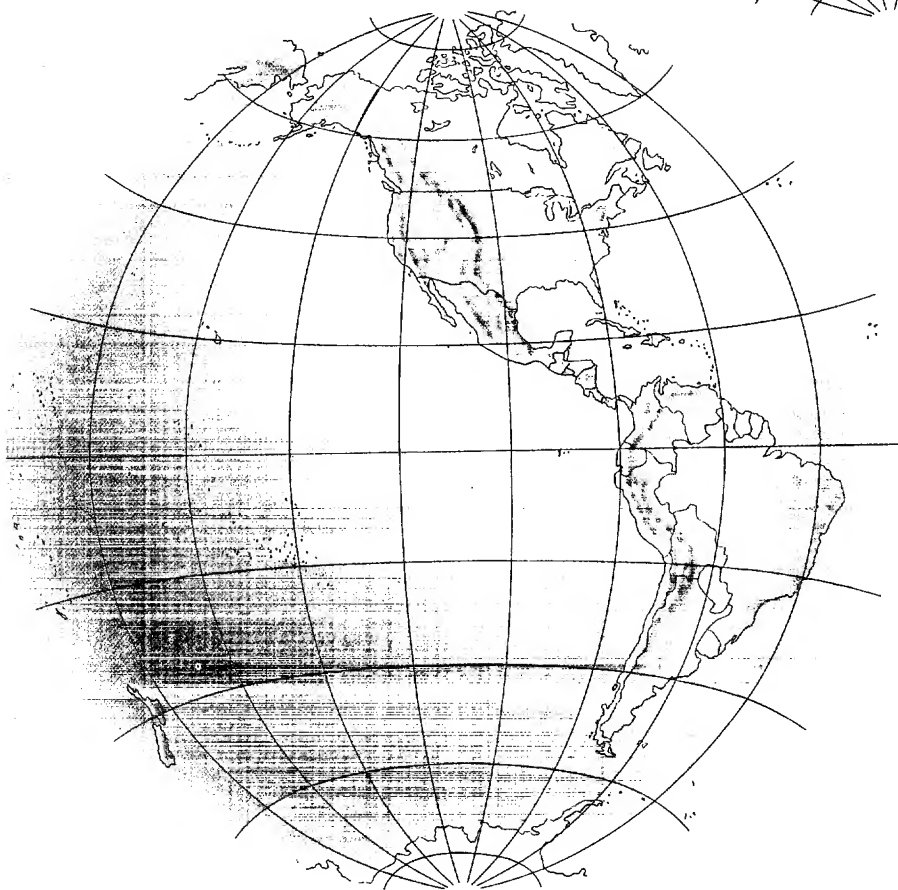
Japanese oil discovery offshore from Saudi-Kuwait Neutral Zone may lead to further Saudi pressure on Aramco for new profit formula.

Laotian elections set for 24 April; any government move to limit Communist participation might risk provoking increased guerrilla activity.



## III. THE WEST

- ⑥ West Germans still planning military talks with Spain despite Western objections.
- ⑦ De Gaulle seeks decree powers to eliminate elements of further dissension and may plan cabinet reshuffle.



## CENTRAL INTELLIGENCE BULLETIN

2 February 1960

## DAILY BRIEF

## I. THE COMMUNIST BLOC

NO

USSR-US: [Soviet officials, hoping to stimulate American business interest in increased trade with the USSR, are attempting to convey an impression of their increased willingness to grant special concessions to US firms. In a talk with Ambassador Thompson on 26 January, Presidium member Kosygin implied that political considerations prompted Moscow's recent action in awarding a contract for textile equipment to a consortium of American firms, despite more favorable terms offered by a British firm. It is more likely, however, that in the present instance the Soviet decision reflected Moscow's desire to obtain American equipment, particularly designed for a variety of synthetic fibers, even at a higher price.]

[redacted]

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## II. ASIA-AFRICA

NO

Turkey-USSR: [Turkish Foreign Minister Zorlu on 30 January, in discussing Turkish-Soviet relations, told Ambassador Warren that the Turkish cabinet is considering a recent Soviet proposal for a meeting between Khrushchev and Prime Minister Menderes. For some time Soviet representatives in Turkey have been urging an increase in official visits and have recently been trying to exploit the improved international atmosphere to expand contacts. Zorlu favors a meeting between Khrushchev and Menderes and said that, if it materializes, NATO would be informed of anything which arose concerning defense and security or related matters.]

[redacted]

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Israel-Syria: The four-day duel between Israeli and Syrian forces in the southern demilitarized zone near Lake Tiberias has been accompanied by an air clash over the area. The fighting broke out as a result of a dispute over farming lands in a

[redacted]

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demilitarized zone from which the Israelis expelled Arab farmers who were authorized by the UN Truce Supervision Organization (UNTSO) to work the fields. The Israelis regard the clash as Israel's biggest "punitive action" since the 1956 Sinai campaign against Egypt. Despite a cease-fire negotiated by UNTSO on 1 February, recurrent clashes are probable. [REDACTED]

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Japan - Middle East Oil: American drilling crews working for the Japanese-owned Arabian Oil Company have discovered oil 28 miles offshore from the Saudi-Kuwait Neutral Zone. The impressive flow of the discovery well, rated at 6,300 barrels daily, suggests the Japanese have tapped an extension of the Arabian American Oil Company's (Aramco) Safaniya field off the Saudi coast. The Japanese hope to begin marketing this oil by the end of 1960. The Saudi Government, which will receive 56 percent of the Japanese profits on all phases of the operation, probably will use the Japanese success to push its demands that Aramco expand its operations outside Saudi Arabia to include refining, transport, and marketing, and share profits on these as well as on production as at present. [REDACTED]

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Laos: The government, in setting 24 April as the date for national elections, has allowed itself little time for necessary preparations. Difficult decisions are still to be made, such as the selection by 24 February of a unified list of non-Communist candidates. There is pressure within the government to limit or neutralize the Communist vote, but any such course would run the pronounced risk of provoking intensified guerrilla operations. [The Communists already are reported to have begun propagandizing that repression by the army would make free elections impossible.] [REDACTED]

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### III. THE WEST

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West Germany - Spain: Bonn has informed American officials that General Schnez, a logistics expert, will go to Madrid on 14 February to discuss possible West German use of training [REDACTED]

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DAILY BRIEF

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[and logistic facilities in Spain. The Bonn defense council and Chancellor Adenauer apparently decided to go ahead on assurances from Defense Minister Strauss that General Norstad had raised "no military objections" to such arrangements. Earlier plans for such conversations were postponed when Bonn was warned of the possible adverse political and psychological implications.]

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[France: De Gaulle's decision to ask a special session of parliament on 2 February for powers to govern by decree, coupled with his crackdown on rightist extremists, indicates his intention to eliminate elements of further dissension. He reportedly envisages an early cabinet reshuffle, perhaps with an eye to broadening the political base of his government.]

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[Meanwhile, an uneasy calm prevails in Algiers following the apparent collapse of the insurgency. The settlers appear apprehensive as to what measures Paris may now impose.]

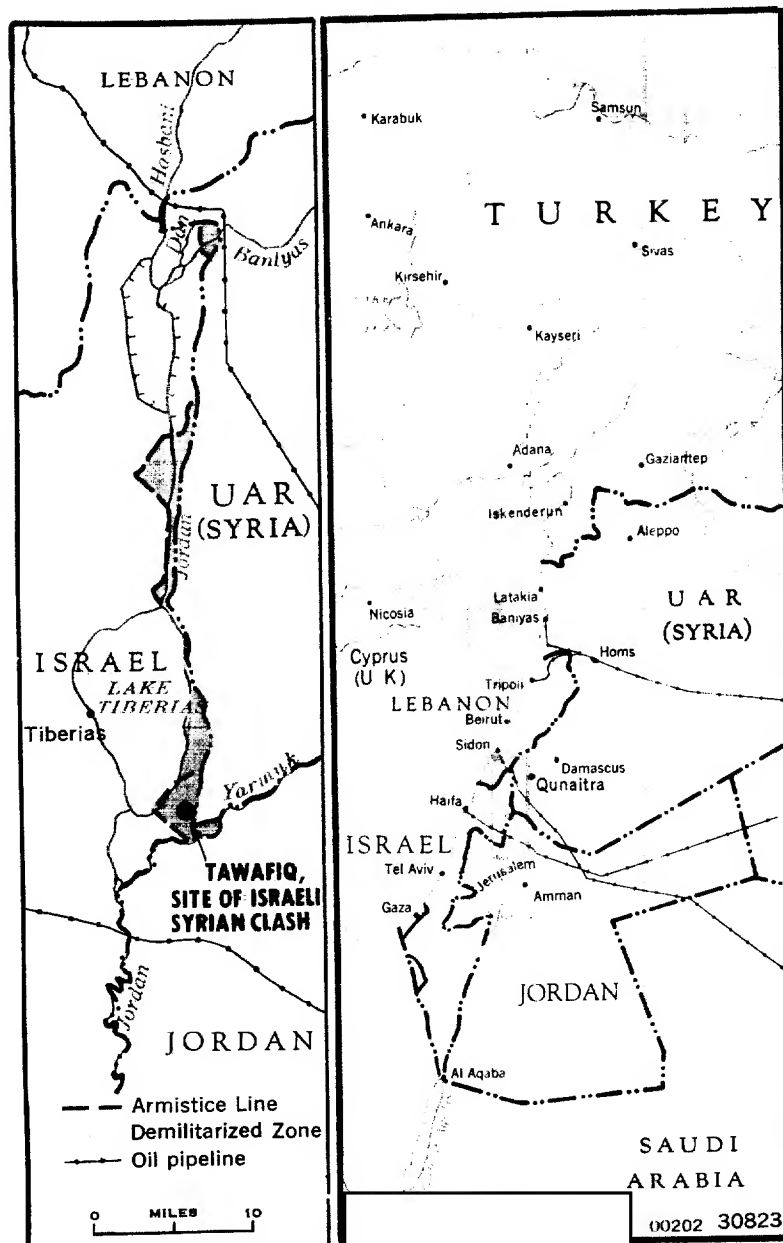
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DAILY BRIEF

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**I. THE COMMUNIST BLOC****II. ASIA-AFRICA****Israeli-Syrian Border Clash**

A dispute over farm lands along the Israeli-Syrian border erupted on 29 January into a clash between Israeli and Syrian forces which finally terminated early on 1 February in a cease-fire arranged by the UN Truce Supervision Organization (UNTSO). The fight involved infantry, heavy mortar and artillery fire, and an air battle as well as the destruction of an abandoned Arab village, Tawafiq, by the Israelis, who claimed it was being used as a Syrian military base. According to press reports, Israel announced that three of its soldiers were killed and seven wounded, while Syria said it had lost two men and had four wounded. The Syrians also claimed that two Israeli jet fighters were hit in the dogfight over the area and that one was seen crashing in Israeli territory. The Israelis deny this.

The disputed area is in the southern sector of the demilitarized zone and consists of strips of land of mixed Arab and Jewish ownership. In 1958 the Israelis complicated matters by digging a ditch in this area which it regards as the eastern boundary of the Jewish cultivated land. Both the UNTSO and the local Arabs, however, do not recognize it as a boundary, and the UNTSO had authorized the Arabs to work certain fields west of the ditch. When Arab farmers tried to do so on 29 January, the Israelis attempted to drive them back and a fight ensued.

Subsequent cease-fires arranged by the UNTSO were broken by the Israelis, and at one point Israeli machinegun fire pinned down a UN observer. The 1 February cease-fire became effective at 0416, but since then, according to an UNTSO source, Israeli Super-Mystere jets were observed being fired on by Syrian anti-aircraft over Qunaitra. While ground fighting has been limited to one point on the Israeli-Syrian border, Cairo radio announced on 1 February that a "state of emergency" has also been declared for the UAR's armed forces in the Egyptian region. Later on 1 February the official Egyptian news agency reported: "All leave for armed forces in the southern region has been canceled. . . . Meanwhile, our forces have been seen moving toward the eastern border." Israel presumably has alerted troops other than its Syrian border units to the possibility of a renewed and extended conflict.

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Laotian Government Sets 24 April Election Date

The Laotian Government, in setting 24 April as the date for national elections, has allowed itself little time to make preparations. Since candidates must file 60 days before elections, only about three weeks remain in which to draw up a unified list of non-Communist candidates. [Deputy Premier Nhouy recently admitted to Ambassador Smith that, although there was general agreement on the need for such a list, the deep-seated divisions and personal feuds in non-Communist ranks posed a serious problem.] The proliferation of non-Communist candidates in the 1958 supplemental election enabled the pro-Communist Neo Lao Hak Zat (NLHZ) and an allied neutralist party to win 13 of 21 seats at stake.

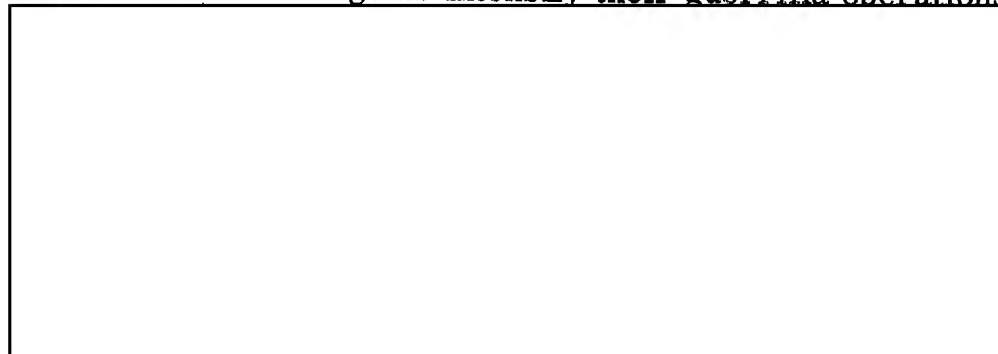
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The principal source of friction will be competition between the Committee for Defense of National Interests (CDNI) and former Premier Phoui's Rally of the Lao People (RLP) for a major share of the 59 places on a unified slate. [The CDNI, capitalizing on its increased influence, reportedly may seek to name as many as 30 of the candidates. In any event, the government seems to envisage the submergence of party labels, with candidates on the unified ticket running under some sort of "national unity" label. The government must also draft a new electoral ordinance and make some provision for voter registration.]

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There is pressure within the government to limit or neutralize the Communist vote. [The NLHZ is already reported to have begun taking the line that free elections would be impossible because of repression by the army. Such propaganda at this stage is probably intended to generate countervailing pressures on the government to limit army interference in the actual elections.] Should it become clear to the Communists, however, that the elections would in fact be rigged, the NLHZ might boycott them and the Communist insurgents intensify their guerrilla operations.

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### III. THE WEST

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#### Bonn Reschedules Military Talks With Spain

[Bonn has decided to go ahead with plans to send General Schnez, a logistics expert, to Madrid on 14 February to discuss West German use of training and logistic facilities in Spain. This decision has been authorized by Chancellor Adenauer and the Bonn defense council despite opposition within NATO.]

[NATO officials have warned that the political implications of the scheme make it advisable for the Germans to defer action until after fuller consultations within the alliance. Plans for such conversations in mid-January were postponed when Bonn was warned of the possible adverse political and psychological implications, especially in view of the recent wave of anti-German sentiment in Britain and other NATO countries. Defense Minister Strauss, however, maintains that Germany must proceed immediately with the talks, since access to additional air training bases and other facilities is necessary to meet NATO commitments. He said he could not count on France or Portugal to meet German requirements in this respect.]

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### De Gaulle Moves to Strengthen His Position

Although De Gaulle has won the overt showdown with the Algerian settler extremists and their military sympathizers, fundamental differences between the French President and those who disapprove of his self-determination policy for Algeria still remain. According to the American Embassy in Paris, the possibility of future insurrections cannot be eliminated, but the likelihood of recurrence can be reduced by strong measures now or by the achievement of real progress toward a final Algerian solution.

De Gaulle has already indicated his intention to crack down firmly on rightist extremists. Action has been instituted against such troublemakers as insurrection leaders Lagaillard and Ortiz, and perennial rightist agitators including retired air force General Chassin and National Assembly Deputy Le Pen.

The French cabinet on 1 February approved plans to request a special session of parliament, set for 2 February, to authorize a one-year period of government by decree. As provided by Article 38 of the 1958 constitution, this move would permit the cabinet to make and enforce new laws with the proviso that those designed to have permanent validity must be ratified by parliament at the end of the emergency period. Reports said the decree powers would cover changes in army personnel and moves to disband and disarm semi-Fascist leagues and their militia.

Reports persist that a cabinet shake-up is imminent. The most likely change would be the departure of Deputy Premier Soustelle and Minister of the Armies Guillaumat, who are known to be unsympathetic with De Gaulle's self-determination policy and who consistently argued within the cabinet against the use of force against the settler insurgents. Premier Debré, although intensely loyal to De Gaulle, is thought to have misgivings regarding Algerian policy and might therefore also be replaced, although no names have yet been mentioned as possible successors.

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[REDACTED]

De Gaulle may feel that this is the proper moment to broaden the political base of his government. Socialist leaders have indicated a reluctant willingness to see their party resume membership in the cabinet. They fear that otherwise their rank and file may become susceptible to Communist overtures for cooperation in the face of a "Fascist" threat.

Meanwhile, the insurgency in Algiers appears to have collapsed, and an uneasy calm prevails among the settlers, apprehensive as to what measures Paris may now impose. The continuing general sympathy of the settler community for the insurgent cause and opposition to De Gaulle's Algerian policy was reflected by the crowd's cheering for insurgent leader Lagailarde when he was arrested. He was subsequently flown to Paris. [REDACTED]

[REDACTED]

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The Director, The Joint Staff

Chief of Staff, United States Army

Chief of Naval Operations, United States Navy

Chief of Staff, United States Air Force

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